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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000246

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STATE PASS AIT/W

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SUBJECT: TECRO HQS GETTING DOWNSIZED

Classified By: AIT Director Douglas Paal; Reasons: 1.4 (B/D)

1. (C) Summary. Taiwan's Legislative Yuan (LY) has slashed Taipei's Coordination Council for North American Affairs TECRO Headquarters (HQS) budget and approved a plan to reassign almost all TECRO personnel and responsibilities to other government ministries. Taiwan officials assert that the move is designed to streamline interaction between AIT and the Ministry of Foreign Affairs (MOFA) and does not represent a change in policy. KMT LY Foreign Affairs Committee member John Chang, a former Foreign Minister and TECRO HQS Secretary General, was largely responsible for the plan. The LY has instructed MOFA's personnel office to come up with a plan within three months to redistribute TECRO responsibilities to other offices. The timing of TECRO's downsizing is unfortunate, given the organization's increasingly helpful role in smoothing the way for construction of AIT's new facility. While MOFA asserts that it did not support gutting TECRO, Taiwan has long wanted to reduce or eliminate both TECRO and AIT to strengthen the appearance of direct government-to-government ties between Taiwan and the U.S. End summary.

Streamlining AIT-MOFA Interaction

2. (C) The LY's reorganization plan for the Coordination Council for North American Affairs, the home office for U.S.-based TECRO missions, is designed to allow AIT directly to interact with MOFA and other government offices. Former TECRO Secretary General, John Chen, told AIT that the brain-child behind the move is LY member John Chang, a former Foreign Minister and Secretary General of TECRO. Chang told AIT that TECRO cannot give the impression that it functions as an office that determines Taipei's policy with the U.S. Chang said that MOFA should be the direct interlocutor with AIT on policy issues. Chang also said he is tired of TECRO being used as a "political dumping ground" for political appointees, such as the current chair Lin Fang-mei. Former Secretary General Chen opined that Chang believes TECRO's

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duties are redundant and add an extra layer of process to interaction between AIT and MOFA. Democratic Progressive Party (DPP) LY Foreign Affairs Committee Member Bi-khim Hsiao told AIT separately that she supported Chang's plan. Hsiao said that from the LY's perspective, TECRO's only bureaucratic role appears to be forwarding Taipei's visa applications to AIT.

3. (C) Chen maintained that the TECRO plan does not represent a change in policy and that it is just an effort to streamline Taiwan's bureaucracy and cut costs. Chen added that USD 21,000 has already been cut from the TECRO HQS approximately USD 140,000 operating budget (Note: this figure is TECRO's basic operating budget and does not include salaries or administrative expenses. End note). The LY also plans to eventually reduce the number of officers from 12 to just "two or three." According to Chen, the LY wanted to eliminate TECRO completely, but Chen said that MOFA pushed back strongly to keep at least TECRO's shell in existence. Chen told AIT that the LY has mandated that within three months MOFA's personnel office must submit a plan detailing how TECRO will be reorganized and its duties partitioned to other government offices. Chen said that MOFA could provide funding to TECRO through other accounts if it was needed and "if we continue to exist."

Process Will Be Gradual

4. (C) TECRO officials maintain the process of down-sizing of TECRO will be conducted gradually to ensure a smooth transition. Chen said he wanted to assure AIT that Taiwan places great value on the relationship with Washington and that he was certain nothing would be done that would negatively impact AIT through this process. The aim, he said, "is to improve our relationship by making interaction easier." However, Chen told AIT that there could be an issue with how the work is assumed by other offices. Chen added that this will be addressed in the upcoming MOFA study. He privately admitted that he is not surprised by Chang's move because there has been talk of doing this for years. Chen added that he thinks that this will be beneficial for AIT

because it really will improve direct interaction between AIT and MOFA.

Comment: Fast Track to Long Term Goal

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15. (C) While TECRO may call it gradual, the organization appears to be fast disintegrating. Because of a political fight, its chair Lin has been effectively marginalized. Former Secretary General Chen on January 8 assumed his duties as Director General of MOFA's International Organizations Department and APEC Senior Official for Taiwan. TECRO Deputy Secretary General Jacqueline Liu has just been assigned to

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Taiwan's office in Manila. Recently named TECRO Deputy Secretary General Raymond Mou is still in his previous job in

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the Foreign Minister's office and said he does not plan to move anytime soon.

16. (C) There may well be legitimate bureaucratic and financial reasons to downsize TECRO HQS. However, the elimination of TECRO HQS has also been seen as a key step towards "normalizing" the U.S.-Taiwan relationship by successive governments in Taipei. Moreover, the timing of TECRO's downsizing is unfortunate, given the organization's increasingly helpful role in smoothing the way for construction of AIT's new office building (NOB). Former TECRO Secretary General Chen seemed to work overtime to complete the remaining work on property leases before he transferred to MOFA's International Organizations Department on January 8. Whether his successor has the personal and bureaucratic standing to advance the NOB project as successfully as Chen after the TECRO reorganization is very much an open question.

17. (C) In any case we will need to watch TECRO's fate closely to preserve the current, symbolically significant structure for our "unofficial" interaction with Taiwan, even as it shrinks to the size of a figleaf.

PAAL